



## **MICHIGAN**

**To:** Members of the House Insurance Committee

**From:** Charles Owens, State Director

**Date:** November 13, 2014

**RE:** Please Support Any Willing Provider- Pharmacy Bills HB 5876 and HB 5877

As the state's leading organization representing small business job providers we are writing to urge you to support House Bills 5876 and 5877 that would bring fairness and much needed reform to the current practice of excluding small independently owned pharmacies from provider panels.

Community pharmacies are faced with many challenges. One of their main challenges is with Pharmacy Benefit Managers (PBMs) as well as hospitals and other provider plans and facilities that establish pharmacy provider panels. PBMs are considered the "middlemen" between the health insurer and the pharmacy. They are their own entity and manage a prescription drug benefit on behalf of the benefit sponsor, which may be a health plan, a health maintenance organization, a union or an employer.

While the purported purpose of PBMs is to administer plan benefits and negotiate prices between pharmacies and health plans, over time, they have taken control over many aspects of prescription drug transactions. They have created barriers to competition in the delivery of pharmacy services in community and long-term care pharmacy settings that have increased costs, reduced choice, and unfairly competed against community pharmacies.

**NFIB believes the following principles should be established in order to help community pharmacies –**

- 1. Patients should be allowed to choose their pharmacy.**
  - PBMs should not be allowed to create limited networks that make it more difficult for patients to obtain pharmacy services.
  - Patients should not be financially punished for having their prescription filled at their choice of community pharmacies, instead of PBM-owned mail-order services or PBM-owned retail pharmacies.
- 2. PBMs should disclose their deals.**
  - PBMs should be required to disclose additional information. For example, disclosure would determine whether the PBM is passing along manufacturer rebates.
  - PBMs should not switch patients to costlier drugs, which increase costs.



The Voice of Small Business

## **MICHIGAN**

Continued on following page

**3. The PBM audit process should be more transparent in order to curb audit abuses.**

- The PBMs' process for auditing pharmacies should be reformed. For example, there should be a written appeal process as well as a disclosure of audit recoupment to the sponsor so the PBM does not pocket the recouped funds.
- The PBM mail-order system should be reformed because PBMs are reimbursing PBM-owned mail-order pharmacies at a higher rate than they would reimburse community pharmacies for the same prescription.

House Bills 5876 and 5877 seek to accomplish many of these changes and we urge you to support them.

Thank you for your support of small business!